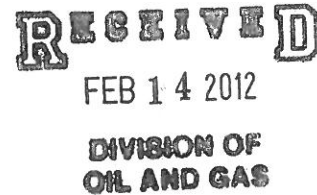


December 30, 2011

State of Alaska
Department of Natural Resources
Division of Oil and Gas
William Barron, Director
550 West 7th Avenue, Suite 800
Anchorage, Alaska 99501-3560



Re: North Fork Unit Area
State of Alaska
Forty-Seventh Plan of Development
No. 14-08-001-8679

Dear Mr. Barron:

Armstrong Cook Inlet, LLC ("ACI"), as Unit Operator of the North Fork Unit ("NFU"), submits the following forty-seventh Plan of Development and operations. This Plan of Development ("POD") is intended to focus on the commitments ACI has already satisfied for the Department of Natural Resources ("DNR") and anticipated plans of development for 2012.

A. Criteria for Approving the Plan of Development

11 AAC 83.303 states the criteria the Commissioner should weigh in determining the public interest and approving ACI's amendment to the current POD:

- (a) The Commissioner will approve a proposed unit agreement for state oil and gas leases if he makes a written finding that the agreement is necessary or advisable to protect the public interest considering the provisions of AS 38.05.180(p) and this section. The Commissioner will approve a proposed unit agreement upon a written finding that it will
- (1) promote conservation of all natural resources, including all or part of an oil or gas pool, field or like area;
 - (2) promote the prevention of economic and physical waste; and
 - (3) provide for the protection of all parties of interest, including the state.
- (b) In evaluating the above criteria, the Commissioner will consider
- (1) the environmental costs and benefits of unitized exploration or development;
 - (2) the geological and engineering characteristics of the potential hydrocarbon accumulation or reservoir proposed for unitization;
 - (3) prior exploration activities in the proposed unit area;

(4) the applicants plans for exploration or development of the unit area;
(5) the economic costs and benefits to the state; and
(6) any other relevant factors, including measures to mitigate impacts identified above, the Commissioner determines necessary or advisable to protect the public interest.

B. Status of the 46th POD

As required by 11 AAC 83.343(c), this section will describe the extent to which the requirements of the 45th NFU POD are progressing.

Effective January 24, 2011 the Division approved the 46th NFU POD based on certain requirements.

ACI and its affiliated pipeline company, Anchor Point Energy, LLC, ("APE") finalized the construction of the North Fork Pipeline and the processing facility at the North Fork Unit in the first quarter of 2011. APE also worked with Enstar to complete construction of the custody transfer station near Anchor Point. On March 31, 2011 gas produced at the North Fork field was delivered to market for the first time.

Upon completion of the North Fork Pipeline and associated facilities, ACI brought the North Fork #34-26, the North Fork #32-35, the North Fork #14-25 and the North Fork Unit #41-35 on line. ACI continues to analyze well pressures and data to maintain optimal production. ACI plans to test additional zones in the North Fork #34-26 upon equalization of pressures between existing producing zones and non- producing zones.

ACI continues to work with the Division, Cook Inlet Region, Inc. and its partners to expand the North Fork Unit and the North Fork Unit Participating Area.

C. Twelve Month Plan of Development and Operation

1. Pipeline

APE and the North Fork Pipeline will continue to deliver natural gas to market. 2012 will mark the first full year of natural gas sales from the North Fork field. ACI and APE are also working diligently with Enstar to enable natural gas service to the village of Nikolaevsk for the very first time. First delivery is expected to occur sometime in the Winter of 2011/2012.

2. New NFU Well

ACI plans to drill a directional well from the existing North Fork Unit pad into an untested fault block at the crest of the North Fork structure. The primary target of the well will be the Tyonek formation.

3. Expansion of NFU and NFU Participating Area

ACI anticipates meeting with the Division as required pursuant to 11 AAC 83.306 and with Cook Inlet Region, Inc. in order to replace the existing Federal Unit Agreement with a State Unit Agreement, co managed by Cook Inlet Region, Inc. and expand the current North Fork Unit and North Fork Unit Participating Area.

D. Why should the Forty Seventh POD be approved

Pursuant to 11 AAC 83.303 (196), this POD should be approved for the following reasons:

(a)(1) it promotes conservation of all natural resources including all or part of an oil or gas pool, field or like area.

Drilling the North Fork #34-26, shooting the 3D seismic survey, drilling the North Fork #14-25 and North Fork #32-35, along with building the North Fork Pipeline and facilities has allowed efficient development of and the initial transport of the natural gas from the North Fork Field. Drilling an untested fault block in the North Fork field is the next step in identifying additional reserves, transporting additional natural gas to market, and perpetuating the efficient development of the resource.

(2) promote the prevention of economic and physical waste; and

The continued evaluation of the performance of the zones in the wells at North Fork currently being produced in conjunction with obtaining new data from drilling a new horizontal well as well as potentially testing additional zones in existing wells will increase the accuracy to which ACI can map the top of the Tyonek reservoir in the most efficient manner possible.

(3) provide for the protection of all parties of interest, including the State.

Ongoing evaluation and analysis from producing wells along with future drilling operations and analysis will ensure the State gets the benefit of royalty revenues, and any potential development of an untested fault block in the North Fork field will result in increased royalty revenue.

Approval of the 47th POD will provide economic benefits to the people of Alaska by providing continued delivery of and identifying potential additional sources of natural gas to continue to help alleviate existing shortages, particularly in the area of the Cook Inlet, including the greater Anchorage area.

(b) In evaluating the above criteria, the Commissioner will consider

- (1) the environmental costs and benefits of unitized exploration or development,

These costs and benefits are already acknowledged by the approval of the NFU and all of the prior PODs

- (2) the geological and engineering characteristics of the potential hydrocarbon accumulation or reservoir proposed or unitization;

Please refer to (a) (1) and (2) in this Section D

- (3) prior exploration activities in the proposed unit area;

The North Fork Unit #41-35 was drilled in the area nearly forty years prior to ACI drilling the North Fork # 34-26 with no exploration in between. ACI and its partners have since shot approximately 20 square miles of seismic, drilled 2 additional wells, recompleted the North Fork Unit #41-35, and via APE installed and brought on line the North Fork Pipeline.

- (4) the applicant's plans for exploration or development of the unit area;

As set forth in this POD

- (5) the economic costs and benefits to the state,

The most efficient and constructive manner for the State to realize value from the NFU will be the approval of this POD as it will provide revenue to the State, ACI was successful in finalizing the construction and installation of the North Fork Pipeline. It will allow for the efficient development of the NFU in order to maximize the value of the State's interest. It will also continue to minimize outstanding liabilities to any of the parties (including the State) due to the utilization of proven technology (gas pipeline) to move and transport produced natural gas. 2012 will be the first full year of the North Fork Pipeline supplying natural gas produced from the North Fork field to the citizens of Alaska.

- (6) any other relevant factors, including measures to mitigate impacts identified above, the Commissioner determines necessary or advisable to protect the public interest

E. Three Year Plan

ACI successfully drilled the North Fork #34-26 well within the NFU area in 2008, conducted an approximately 20 square mile 3D Shoot within the last 2 years, and drilled an additional 2 new wells in the North Fork Unit last year. ACI and APE also successfully finalized both the construction and installation of the NFU facility and North Fork Pipeline within the last year. Upon the approval of APE's tariff application for the North Fork Pipeline by the Regulatory Commission of Alaska, all 4 wells at the North

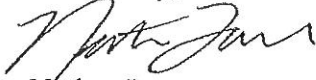
Fork Unit have been tied into the North Fork Pipeline and are now producing. Data from the producing wells is being analyzed to continue optimal development of the North Fork field.

F. Long-Term Plans

As always, ACI continues to watch the gas market within the Cook Inlet as well as the emerging development of Southern Alaska's energy needs. The potential for problems in obtaining an affordable energy source for Alaskans and Alaskan industry in the future are very apparent. We feel the continued development of the NFU can help in some small way in addressing this issue. Additionally we feel it is the first step for ACI playing a larger part in providing natural gas to Southern Alaska.

ACI, as Unit Operator, respectfully submits this request for approval of this POD for the NFU. We are confident that this is the absolute best action that can be taken in order to cause the development of the NFU to occur in a timely manner.

Yours truly,

A handwritten signature in dark ink, appearing to read "Nathan Lowe", written over a horizontal line.

Nathan Lowe
Land Negotiator